

No. 14626

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

JESSE E. HALL, WEATHERFORD OIL TOOL COMPANY, INC.,
a corporation, *et al.*,

Appellants-Appellees,

vs.

KENNETH A. WRIGHT and B & W INC., a corporation,

Appellees-Appellants.

Reply Brief for Kenneth A. Wright and B & W, Inc.,
Appellees-Appellants.

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Statement of the Case.

This Brief of B & W differs from an ordinary Reply Brief in that B & W has heretofore set forth its statement of the case and has analyzed certain of the issues of this case in its Opening Brief. This Reply Brief will be confined to the issues raised in the plaintiff's Main Brief, and those issues are:

1. The invalidity of the Hall Patent.
2. The lack of any proof of infringement of the Hall Patent.
3. The claim of unfair competition by defendants.
4. The unfair competition of Hall as that matter is dealt with in the plaintiff's Main Brief.

The statement of this Court's jurisdiction and the statement of this case, as well as the chronological development of facts is fully set forth in the Opening Brief of B & W, so that there is no need to repeat that here.

In their main brief, Hall has stated that their appeal is from the judgment of the District Court,

1. Dismissing a complaint of plaintiff and plaintiff-interveners charging defendants with unfair competition and
2. Charging infringement of the Hall patent No. 2,671,515.

The main brief of Hall does not however, confine itself to the appeal issues thus stated, as will hereinafter be pointed out.

In this brief as in the Opening Brief, for brevity, we shall refer to the Appellant Hall and the Appellant corporations of Hall by the single notation "Hall" and will refer to B & W and Kenneth A. Wright, Appellee and Cross-Appellants as "B & W."

In Hall's brief, beginning upon page 5 thereof, and extending through page 13, is a section entitled "Chronology of Facts." This so-called "Chronology of Facts" is glaringly in error and would lead one to believe that the inception of this industry in the use of a device known to the trade as a scratcher, began with the development by Hall of a device like Exhibit 40 or as shown in the Hall patent 2,671,515.

The preliminary statement of Hall shows that the device of this Hall patent was conceived in April, 1941. [Ex. CQ, Vol. IX, p. 3860.] The Hall device obviously could not have been placed upon the market until some

material time after this date of conception. In this Chronology, Hall chooses to mislead this Court by making no reference to any of the acts preceding April, 1941. Hall does not want this Court to know that he, Hall, saw the device of Figure 26 of the Jones and Berdine report [Ex. X, Vol. IV, p. 3670] in use in the latter part of 1939 or the first part of 1940. Hall would conceal from this Court that he knew that this device was the development of B & W. These attempts to mislead are pointed out here at the inception of this Reply Brief for the precise purpose of illustrating the character of the Brief filed on behalf of Hall, which, it will be found throughout, makes unwarranted statement as facts without reference to any supporting portion of the voluminous record here on appeal and without reference to any exhibit.

It is obvious that anyone reading Hall's "Chronology of Facts" would be entirely misled with reference to the facts of this case or as to the development of the art of well completions using scratchers for exposing the virgin soil so that an adequate bond could be had between the formation, the cement and the casing or pipe in the well, so that the "water shutoff" or separation of fluids in the well could be had.

As the true facts are developed, it will be obvious that it was not a tool devised by Hall which was known in the trade as a "Scratcher." It will be further obvious that the device shown by Hall in the patent No. 2,671,515 was not the device known to the trade as a scratcher. The Jones and Berdine report, Exhibit X, published in March 1940, and given as a paper to the American Petroleum Institute at Los Angeles introduced the tool to the trade, developed by B & W, as a scratcher. [Jones and Berdine Report, Ex. X, Vol. IV, p. 3670.]

That the Wright structure was first introduced to the trade is apparent from a consideration of the first Instruction Sheet produced by B & W and distributed to the trade prior to March 1940. [Ex. HH, Vol. IX, p. 3735.]

It was stipulated that Exhibit HH was published prior to March 1940.

The Instruction Sheet, Exhibit HH was published for the purpose of instructing the art in the manner of mounting the scratcher on the casing between the beads welded to the casing so that the scratcher was free to move on the casing between the beads and to rotate around the casing during operation. Exhibit X, Vol. IX, page 3676, states:

“1. Scratchers are free to rotate on the casing, and vertical movement with respect to the casing is limited to about 1 foot by confining rings welded on the casing.”

This scratcher shown in Exhibit X in Figure 26, began the art of well completions which developed into a business of many thousands of dollars monthly. It was this “scratcher” that solved the problem in this art. It was this scratcher that after the research project, Jones and Berdine, in their report recommended to Union Oil Company as the means for overcoming the problem in this art. This recommendation for the use of the B & W scratcher is accompanied in the Jones and Berdine report with a statement of the cost at which they were then offered to the Union Oil Company. [Ex. X, Vol. IX, p. 3677.] The scratchers were on sale as early as the Jones and Berdine report, which was prior to March 19, 1940. The Jones and Berdine report there states:

“These scratchers were relatively inexpensive, costing only \$7.50 each for 7 inch casing.”

ARGUMENT.

I.

THE HALL PATENT No. 2,671,515 IS CLEARLY INVALID.

The Hall patent No. 2,671, 515 is invalid because:

(A) The alleged invention was known or used by others in the United States before the alleged invention of Hall. (35 U. S. C., Sec. 102(a) and (b).)

(B) The alleged invention was described in a printed publication in this country before the alleged invention of Hall. (35 U. S. C., Sec. 102(a) and (b).)

(C) Hall did not invent the subject matter to be patented. (35 U. S. C., Sec. 102(f).)

(D) Before Hall's alleged invention thereof the invention was made in this country by another who had not abandoned, suppressed or concealed the invention. (35 U. S. C., Sec. 102(g).)

(E) The application Serial No. 55,619 was not filed within one year of the public sale and publication of the scratchers claimed therein. (*Muncie Gear Works v. Outboard Marine & Mfg. Co.*, 315 U. S. 759.)

(F) The patent was procured by fraud. (*Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U. S. 806.)

(G) The applicant failed to report to the Patent Office "all facts concerning possible fraud or inequity underlying the application in issue." (*Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U. S. 806.)

A. Invalidity Under 35 U. S. C., Sec. 102.

It is the device of Figure 26 of the Jones and Berdine report that the Patent Office held to be structurally and from the standpoint of operation, a complete anticipation of the structure shown in the Hall patent No. 2,671,515. It is obvious therefore why Hall would like to have this Court uninformed with respect to the B & W "scratcher" in his "Chronology of Facts."

In Exhibit 216, a Special Board of the Patent Office in its decision of December 2, 1953, held on page 21 of that decision:

"It is accordingly held that the device shown in Figure 26 of the Jones and Berdine report is so similar to or so nearly the same structurally and functionally, as the one sought to be patented by Hall, that a showing of its public use would bar the grant of a patent to Hall." [Vol. VIII, pp. 3562, 3563.]

Hall saw this structure on test as pointed out in the Opening Brief of B & W. Hall testified before the District Court:

"Q. You saw, as a matter of fact, a Wright scratcher at the Union Oil demonstration on Signal Hill that was conducted by Phil Jones; is that right?

A. That is right. I saw them before they ever run them, I suppose.

Q. Do you know when that was? A. I do not recall, only it could have been in the fall of '39.

Q. Or it could have been early 1940, is that right? A. Well, I think the book was prepared—it seems to me like it was some six months preparing that stuff. I don't know just the date, because it is of

record, and I think the record would be the best suggestion of the date.

Q. But you did see the demonstration there? A. That is right. I had a demonstration in the same—in the same operation, and same thing, that there scratcher.

Q. And when you say you had a demonstration you mean that the Cosco people had a spiral, a centralizer there? A. That is right, but I was the one that waited on it.

Q. So that you spent quite a bit of time there, did you not? A. Well, I didn't spend quite a bit. I spent enough. I know I tried to keep up with what was going on.

Q. And you saw the Wright scratcher being demonstrated there and on the casing; is that correct? A. That is right.

Q. And was a cementing job simulated in that demonstration? A. Yes, they done a number of cementing jobs.

Q. And they tested various devices; is that correct? A. That is right." [Dep. of Jesse E. Hall, July 15, 1948, Ex. 213, p. 7, line 1, p. 8, line 7, incl.]

It is therefore apparent that these scratchers of B & W were "on sale" at least as early as March 19, 1940, and these scratchers were held by the Patent Office to be the same in every respect as the scratchers of the Hall patent No. 2,671,515. The asserted patent application Serial No. 388,891, upon which it is alleged the Hall patent No. 2,671,515 is founded, was not filed in the Patent Office until April 16, 1941, and no valid patent could therefore be obtained by Hall within the provisions of 35 U. S. C., Section 102(a), (b), (f) and (g).

The Hall patent No. 2,671,515 is therefore void because:

(1) The invention was known and used in 1939, 1940, by B & W and the Union Oil Company before April 1941, Hall's sworn date of invention. (35 U. S. C., Sec. 102(a) and (b).)

(2) The invention was shown and described in Exhibit X published at the A.P.I. meeting held March 19, 1940. (35 U. S. C., Sec. 102(a) and (b).)

(3) Hall did not invent the scratcher which he saw in the possession of the Union Oil Company and known to be a B & W scratcher. (35 U. S. C., Sec. 102(f).)

(4) The invention of the scratcher was made in 1939, by Kenneth A. Wright and this fact was known to Hall, and under oath conceded by Hall. (35 U. S. C., Sec. 102(g).)

B. Prosecution of the Hall Applications.

(1) Hall Application, Serial No. 388,891.

After Hall had seen the Wright scratchers and their phenomenal commercial success, Hall filed an application in the United States Patent Office, Serial No. 388,891, Exhibit I, April 16, 1941. Hall later discovered that the Wright method, Patent No. 2,338,372 had issued on January 4, 1944. Hall copied this application and filed his application, Serial No. 528,183, Exhibit 2, March 27, 1944. His purpose in filing these applications is avowed by him in his letter written July 13, 1944, to Ben McKinley wherein he states:

"Regarding the Patent situation between Kenneth Wright and myself, I really have the thing involved."
[Ex. 14, Vol. IX, p. 3473.]

When it was pointed out to Hall that he had no standing in the interferences, which he had provoked to involve Wright's patent situation, as stated by Hall's witness William H. Maxwell [Vol. I, p. 414], Hall executed the Concessions of Priority, conceding Kenneth A. Wright's priority of invention in both the method of use and in the structure of the scratcher. [Exs. V and W, Vol. IX, pp. 3665, 3667.]

With these Concessions of Priority it was necessary for Hall to cancel all claims from the application, Serial No. 388,891, which were to the invention disclosed in the Wright applications. Thus the method application, Serial No. 521,183 was abandoned by Hall. In the application, Serial No. 388,891, the Patent Office very properly rejected all of Hall's claims with the exception of a single Claim 19. [Vol. VIII, p. 3403.] Claim 19 was directed to the manner of mounting the scratcher wires on the inside of the collar so that the wires projected through holes formed in the collars and were held on the inside of the collar. [Vol. VIII, p. 3454.] Hall then abandoned this 388,891 application. [Vol. VIII, p. 3458.] As pointed out in our Opening Brief, this abandonment was without notice to B & W, although presumably the prosecution of the application was carried on for the benefit of B & W under the terms of the purported agreement of September 15, 1944.

(2) Hall Application Serial No. 627,013.

Hall filed on November 6, 1945, an application, Serial No. 627,013 in the Patent Office. The file wrapper of this application is Exhibit K, and will show that this application, after being finally rejected by the Patent Office Examiner, and after Hall had appealed to the Board of

Appeals and the Board's decision affirmed the Patent Examiner's action, was appealed to the Court of Customs and Patent Appeals. The appeal taken to the Court of Customs and Patent Appeals was dismissed. This affirmed the position of the Patent Office and a final judgment was entered. This forever closed under the doctrine of *res judicata*, the right of Hall to obtain a patent upon any matter set forth in the application and with respect to all issues of the appeal taken to the Court of Customs and Patent Appeals and affirmed forever the position of the Patent Office Examiner.

In *Barratt v. Duell*, 14 App. D. C. 225, 1899, C. D. 320, the doctrine of *res judicata* with reference to Patent Office procedure was fully set forth and that doctrine remains unaltered at the present time.

The Appellate Court there stated:

"When in a court of law there has been one investigation and thereupon one adjudication, such action becomes final and can only be reviewed, if at all, by way of appeal. No subsequent suit for the same subject-matter and between the same parties can be sustained. What good ground is there for any different course of procedure in the Patent Office? When an application for a patent has been considered and allowed and the patent has been issued, there can be no question whatever of the finality of such action. The right of the patentee can never thereafter be questioned in the Patent Office, except to the limited extent specially authorized in cases of interference. When, on the other hand, an application for a patent is after due examination rejected and finally determined against the applicant after exhaustion of the manifold right of appeal allowed to him by the great liberality of the patent laws, why should a sec-

ond application be allowed or entertained? Is there any reason why the determination of the matter should not be regarded as conclusive? If a second application could be regarded as proper, why not ten or twenty successive applications? Where are the applications to stop, and what would become of the public business if it were in the power of one person to obstruct the operations of the Patent Office by repeated and persistent applications? These questions answer themselves. Renewed applications are authorized by the patent law under special circumstances in the place of abandoned and forfeited applications; but these are analogous to proceedings at common law to reinstate cases that have been dismissed on technical grounds. But there is no provision of law for a second application where a previous application has been adjudicated and a patent denied. The absence of such a provision is sufficient evidence that the right to have a second application considered after refusal of a patent upon a previous application does not exist, especially when the fact is recalled that the law in its very great liberality provides still another method for the applicant to establish his claim by the way of a bill in equity.

“The force of this position is appreciated by counsel for the applicant who seeks to sustain the course here pursued upon the theory that the new application is substantially different from the previous one and that it is made in compliance with the spirit, if not with the letter, of the opinion of this court in the former case. That opinion suggested to the applicant to file a bill in equity, as he was authorized by law to do, not a new application, for which there is no warrant in law. The new application does not make a different case. The case is the same precise case. The subject-matter of the invention is the same. The

claim is the same. Only the specifications and drawings are more full, and the state of the art at the time of the alleged invention is more fully and satisfactorily shown. But all this, which might well have been adduced by way of amendment or otherwise in the original proceeding or which might have been shown under a bill in equity, at the utmost amounts to no more than a clearer and better declaration of additional proof of the alleged invention. It does not make any new case, and it does not justify the filing of any new application."

See also *In re Edison*, 30 App. D. C. 321, 1908 C. D. 327; *In re Marconi*, 38 App. D. C. 286, 1912 C. D. 483; *Lavin v. Pierotti*, 29 C. C. P. A. 1235, 1942 C. D. 679; *Hemphill v. Coe*, 1941 C. D. 36, 49 U. S. P. Q. 484, in which latter case the Court held:

"A party therefore by filing a second application cannot obtain a review of questions which were, or might have been, determined on a review relating to the first."

See also:

In re Ellis, 24 C. C. P. A. 769, 31 U. S. P. Q. 380.

(3) Hall Application Serial No. 55,619.

The position heretofore taken on behalf of Hall with respect to this doctrine of estoppel, applicable to the 627,013 application and particularly applicable to the application, Serial No. 55,619, which was not filed in the Patent Office until October 20, 1948 [Ex. 69], is that the invention defined in the claims erroneously allowed in application Serial No. 55,619 by the Board of Appeals of the Patent Office, was for a different invention than that defined by the claims held unpatentable by the Final

Dismissal of the Appeal to the Court of Customs and Patent Appeals. Application Serial No. 55,619 issued as Patent No. 2,671,515 containing only these claims.

In endeavoring to thus avoid the doctrine of *res judicata*, Hall runs directly into the decision of the Supreme Court in *Muncie Gear Co. v. Outboard Marine & Mfg. Co.*, 315 U. S. 759. Hall manufactured, sold and offered for sale the scratchers allegedly constructed in accordance with his invention as defined by the three claims of the Patent No. 2,671,515 as early as the date of the advertisement of the Acme Scratcher as the same was advertised in Exhibit A, *i.e.*, The Oil Weekly, issue of July 7, 1941. [Vol. VIII, p. 3646.]

The claims solicited in the 55,619 application, as Hall claims being for a different invention to avoid the doctrine of *res judicata*, are clearly invalid as defining a structure which was in public use more than the statutory period, *i.e.*, one year prior to the filing of the application claiming this different invention.

The Hall application 627,013, Exhibit K, was filed in the Patent Office November 5, 1945, and was filed after it had been determined that no patent could be obtained upon the application Serial No. 388,891 other than Claim 19 which was directed to the securing of the wire scratching elements upon the inside of the collar of the scratcher. The application was prepared as the result of a letter written by John Hall for his father, Jesse E. Hall, Sr., to Thomas E. Scofield. [Exs. 194, 195, 196, dated June 2, 1946, a copy of which letter, for convenience, is printed as an appendix to this brief.]

The pertinent facts of this letter are that it defines the fact of the rotatable and reversible operation of the

B & W scratcher. This letter sets up the basis of the description of operation for the scratcher as defined in this 627,013 application [Ex. K], wherein that application defines the reversing of the scratcher wires upon reciprocation of the scratcher wires within the well. Thus, in the 627,013 application, this action is defined on page 3, starting at line 22 and ending at line 28, and is further described in Exhibit K, page 4, beginning at line 27 and ending at line 30. The specification states:

“It is this unusual arrangement of whiskers which produce rotation of the collar and migration of the ends of the wire around the well bore upon reciprocation of the casing.”

This “unusual arrangement,” this operation of reversing the wires upon reciprocation of the scratcher in the well bore so that the scratchers would migrate around the well bore to produce an effective cleaning operation, was the operation which Hall had observed to be the action of the B & W scratcher. This fact is set forth verbatim in Exhibit 195, Appendix hereof, upon the second page of the letter of June 2, 1945, wherein it is stated to Thomas E. Scofield, attorney for Mr. Hall:

“If I had made the dummy oil well a fraction of an inch smaller than the over all spring spread of the B & W it would have been possible to reverse it. That is the way that the B & W Company recommend them to be run.”

This letter [Exs. 194, 195, 196], was not before the Patent Office. A motion was filed in the Patent Office October 20, 1952 [Vol. VI, pp. 2557, 2558], on behalf of B & W to force production of this letter and attorney Scofield and Hall refused to produce the letter and the

Patent Office ruled that it was without the power to force its production [Ex. BO, Vol. II, p. 952.] Had the admissions of Hall contained in this letter been before the Patent Office, it is clear that the Hall patent would not have issued.

In the filing of the application, Serial No. 627,013, Hall filed an entirely new set of drawings with the Patent Office, drawings which are in no way comparable to the drawings of the 388,891 application. Hall here defined the direction of the wire scratching fingers as being tangent to the supporting collar and limited his application to this precise definition of tangent. This definition of the extent of the wires extending from a collar was not new to Hall, who had previously filed an application in the Patent Office for a pipe cleaning device, in which he had set forth the same definition, *i.e.*, "tangent" of the wires with respect to the supporting collar. The file wrapper of this application is in evidence as Exhibit BL and shows that during the prosecution of that application, which resulted in the grant of the patent to Hall, No. 2,393,144 [Ex. BK], a definition was agreed upon between Hall and the Patent Office which would be accurate in defining the tangential relationship. This agreement for this purpose is set forth in the file wrapper. [Ex. BL.] This agreement preceded November 5, 1945, the date of filing of the second Hall application, Serial No. 627,013 [Ex. K.] Thus, in filing the Exhibit K application, and in order to define exactly and accurately the tangential relationship, the claims which accompanied the application as filed, adopted the agreed definition of an exact tangent, *i.e.*,

"said whiskers project at an angle from the sleeve simulating the trajectory of bodies thrown from the sleeve were the sleeve rotated rapidly."

It is now asserted on behalf of Hall that a tangent has no relationship whatsoever to any of the scratchers, and that he never made at any time [Vol. VI, p. 2560], a scratcher where the wires extended in a true tangent to the sleeve or supporting collar and that a scratcher with tangent wires would be an impractical tool. [Jesse E. Hall, Vol. VI, pp. 2542, 2543.]

An examination of the claims of the 627,013 patent as that application is filed in the Patent Office will show that all of the claims of that application were limited to the scratcher wires being fixedly secured on the inside of the sleeve as was true of the similarly allowed claim of the application, Serial No. 388,891. Thus, claim 1 states:

“Wire whiskers fixedly attached at their inner ends inside the sleeve.”

All of the other Claims 2, 3, 4, 5 and 6 were dependent upon the definition set forth in Claim 1, so that all claims are thus limited to the inside mount of the scratcher wires. Claim 19 of the 388,891 application was not solicited in the new application 627,013. The reason for it is obvious as that claim was so limited as to the precise manner in which the inside mounting was had as to render that claim substantially useless. Ten months after application 627,013 was filed, namely, on August 19, 1946, Claim 19 was added as Claim 7. The Claim however had already been abandoned and the abandonment had become final because of failure to take action within six months of the final rejection of the Application 388,891, as required by the Rules of the Patent Office in order to avoid abandonment.

(a) The False Supplemental Oath of Application Serial No. 627,013.

The Patent Office, as shown by the file [Ex. K], acted upon the application, Serial No. 627,013 on January 31, 1947, and rejected all of the claims and required under the rules of the Patent Office an election of species between the different forms of scratchers disclosed in this application. An election was made to address the application to that form of scratcher which became known as the close tolerance type of scratcher of Figures 4-6 of this application. The 627,013 application disclosed the following, which are not common to the 388,891 application:

1. The use of the studs or rivets 13, within the collars for securing the inner ends of the wires. No such studs were disclosed in the 388,891 application. On the contrary, in that application, the inner ends of the wires were secured in position by the inner or outer sleeves or collars and one of these collars was deformed to confine the bent inner ends of the wire fingers.

2. The application disclosed the spring fingers extending at a true tangent from the sleeves or collars while the application Serial No. 388,891 shows the wires extending at approximately a 60 degree angle from the tangent. The application disclosed the form of scratcher shown in Figures 4, 5, 6, which was known as the close tolerance form of scratcher including conical winding of the coil springs as the same is illustrated in Figure 6. This added material then became the subject of the Supplemental Oath filed by Hall with the amendment dated August 19, 1946. By this Supplemental Oath Hall took oath to the fact that the factors thus claimed in this ap-

plication, namely, the inside stud mounting as defined in Claims 3, 4 and 5, had not been in public use or on sale for more than a year prior to the filing of his application [Ex. K] and set forth that the close tolerance scratcher defined by having the coils of conical shape as defined in Claim 9, had not been on sale or in public use for more than a year prior to the filing of the application on November 5, 1945.

Hall personally supplied the Oil Weekly with the photograph of his so-called Acme Scratcher that appeared in the July 7, 1941, issue of that publication. [Ex. A.] Hall had since that date sold that scratcher, which includes, as clearly shown in this advertisement, the radial studs for securing the wires within the sleeve. All of the claims of this 627,013 application are readable upon the Acme Scratcher of Exhibit A, with the exception of those claims which are directed to the close tolerance form of scratcher. The close tolerance form of scratcher was introduced to the trade and sold and offered for sale by Hall as shown by the letters written by Jesse E. Hall, to his son John Hall [Exs. BW, BX and BY], which are dated respectively January 1, January 5 and January 15 of 1944, more than a year prior to November 6, 1945, the date of the filing of the second application. [Ex. K.]

This false affidavit signed by Hall as a supplemental oath to this second application sets forth that the matters of this second application which were not common to the earlier application, Serial No. 388,891, had not been on sale or in public use for more than a year prior to the filing of this second application. This false oath was deliberate and purposeful and was known to be false at the date of its filing.

This false oath was clearly an act of perjury and within the condemnation of the Supreme Court in the *Precision Instrument* case, 324 U. S. 806.

The prosecution of the 627,013, Exhibit K, was carried forward to where the claims of this application were finally rejected by the Examiner of the Patent Office so that an appeal was taken to the Board of Appeals and the Board of Appeals substantially affirmed the position of the Examiner. [Ex. K.] Hall prosecuted an appeal then from the Patent Office to the Court of Customs and Patent Appeals and dismissed this appeal after filing a third application, Serial No. 55,619, Exhibit 69. The third application, Exhibit 69 constituted a refiling of the specifications, *i.e.*, written description and drawings of the second application, Exhibit K, with a new set of claims. This new set of claims, Exhibit 69, page 10, merely defined that the scratcher wires were non-radial with respect to the collar.

**(b) The Fraudulent Petition to Make Special in Application
Serial No. 55,619.**

With this third application, Hall and his attorney Thomas E. Scofield, in order to induce the Patent Office to take special action upon the application, deliberately, falsely and knowingly filed false affidavits accompanying a "Petition to make Special."

An application may be made special before the United States Patent Office and is given special consideration out of its turn upon a showing made in accordance with the Rules of Practice, United States Patent Office, which rule

provides [Ex. BO, "Reply to answer by Hall to order to show cause" pp. 31, 32]:

"Application may be made special because of actual infringement upon the filing of a petition alleging facts under oath to show:

(1) There is an infringing device actually on the market and

(2) When the alleged infringement was first discovered; supplemented by an affidavit of the applicant's attorney to show:

(3) That he has made a rigid comparison of the alleged infringing device with the claims of the application,

(4) That, in his opinion, some of the claims are unquestionably infringed, . . ."

The affidavits are false in their inception and were knowingly false in order to meet the Patent Office requirements for making an application special. The affidavits were false in two respects:

1. The affidavit of Jesse E. Hall where he alleges: "that he first discovered the infringement on or about August 15, 1948," and,
2. The accompanying affidavit of Thomas E. Scofield in his statement: "that the applicant has called his attention to an infringing device which is on the market; that he has made a rigid comparison of the device with the claims of the application; and that in his opinion some of the claims unquestionably are infringed."

The only scratchers which were on the market on August 15, 1948 were B & W scratchers known respectively as the "Wall Cleaning Guide" and the "Multiflex Scratcher" and the scratcher manufactured by Hall.

These facts were known to both Scofield and Hall at the time that they signed their affidavits to accompany the Petition to make the application special. It is clearly established that neither of these scratchers could have been the scratcher referred to in these affidavits. The Wall Cleaning Guide was made and sold by B & W since 1939. In fact it is admitted by Hall in a brief filed before the Patent Office that the Multiflex Scratcher was not the scratcher referred to and that as stated by Hall in his brief before the Patent Office:

“Had the circumstances transpired according to Petitioner’s story, and had the petition to make special depended solely upon the bringing out of the B & W ‘Multiflex’ scratcher, an explanation of the delay might now be in order.” [Ex. EEE, Vol. IX, pp. 3787, 85.]

The reason that Hall made this statement in Exhibit EEE is that B & W had discovered a letter written by Mr. Foot of the Gulf Company to Mr. Houghton dated December 5, 1947, in which Mr. Houghton sets forth the fact that Hall had been advised of the Multiflex Scratcher prior to December 5, 1947, and had threatened at that time to sue Gulf should they purchase the Multiflex Scratcher. [Ex. SS, Vol. IX, pp. 3741, 3742.]

Faced with the letter, Exhibit SS, Hall has altered his position to assert that the scratchers referred to were the coil type scratchers presented by B & W to the Gulf Research and Development Company. These coil type scratchers of which two only ever left the place of B & W, were sent to the Gulf Research and Development Company for test in June, 1947. [Ex. 64, Vol. VIII, p. 3509.] They were returned unused and untested some

time after November 30, 1948, pursuant to the defendant's request. [Ex. YY, Vol. IX, p. 3745.] According to the testimony of Hall's witness, Leslie W. Volmer, an employee of Gulf Research, these two scratchers were not knowingly shown to anyone outside of the immediate employ of Gulf Research. [Vol. III, pp. 1078, 1079.]

The fact that these two scratchers were in the hands of Gulf Research was made known to both Scofield and Hall in the middle of 1947, as was the fact that only two of the scratchers were sent out of B & W and that they were not used and did not get out of the Gulf Research Laboratories.

In the taking of Mr. Houghton's deposition on behalf of Hall, it was established that Jesse E. Hall, Sr., visited the Gulf Research Laboratories in Pittsburgh in the latter part of July, 1947 [Vol. III, p. 1072], and there and then learned of these two coil type B & W scratchers. Hall immediately transmitted this information to his attorney, Mr. Scofield, who called A. M. Houghton, patent counsel of Gulf Research, and threatened to sue the Gulf if they should buy these devices from B & W.

Mr. Houghton, called as a witness by Hall testified:

"Q. (By Mr. Scofield): Do you recall whether or not you had any word from me about this time along in July, the 29th or 30th (1947), with regard to these two coil type scratchers that Mr. Wright had sent to Mr. Wescott? A. (By Mr. Houghton): Yes, I do. You called me on the phone, and seemed to be highly excited because you appeared to be under the impression that Gulf was buying or considering buying, scratcher equipment from B & W, and you gave me to understand in no unmistakable terms that you were not going to stand for it, and that you were

going to sue Gulf Oil Corporation or Gulf Research and Development Company, and I recall distinctly, I said, 'What in the blank are you going to sue on?' " [Vol. II, pp. 564, 565.]

It is established by the testimony of Hall's own witnesses and from the statements made by Hall's counsel, Mr. Scofield, that they learned of the B & W coil type scratcher in the latter part of July, 1947, and threatened Gulf with suit at that time. This was more than a year before the alleged date of August, 1948, set forth in the Hall Affidavit accompanying the "Petition to Make the Application Special."

Certainly, as admitted by Hall in his statement of Exhibit EEE, these circumstances not only require explanation, but establish beyond doubt the fact that perjured affidavits were filed for the purpose to gain special action upon the Application, Serial No. 55,619 by the Patent Office.

Certainly the admonitions of the *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.* case, 324 U. S. 806, cannot be disregarded.

The Supreme Court there charged those practicing before the Patent Office with the highest degree and standard of conduct. The reason is knowledge is only in the possession of those filing applications and that the public should not be burdened with patents, the granting of which was based upon fraud or perjury. Thus the Supreme Court stated:

"These facts all add up to the inescapable conclusion that Automotive has not displayed that standard of conduct requisite to the maintenance of this suit in equity. That the actions of Larson and Precision

may have been more reprehensible is immaterial. The public policy against the assertion and enforcement of patent claims infected with fraud and perjury is too great to be overridden by such a consideration. Automotive knew of and suspected the perjury and failed to act so as to uproot it and destroy its effects. Instead, Automotive acted affirmatively to magnify and increase those effects. Such inequitable conduct impregnated Automotive's entire cause of action and justified dismissal by resort to the unclean hands doctrine."

In this case it is conclusively shown that there was no device on the market on August 15, 1948, which corresponds with the sworn statements of Hall and Scofield accompanying the Petition to make the 55,619 application Special. It is shown that there was no device then on the market which was examined by Scofield and which Scofield had examined and determined to infringe one or more of the claims of the 55,619 application. The Supreme Court in the *Hazel-Atlas Glass Company v. Hartford-Empire Company* case, 322 U. S. 238 and its companion case *Shawke Mfg. Co. v. Hartford-Empire Co.*, 322 U. S. 271, held a patent unenforceable and void because it was shown that in order to obtain the patent the Patent Office had been given an article allegedly written by an official of the Bottle Blowers Association eulogizing the alleged invention of the patent. It was later established that this official of the Bottle Blowers Association had nothing to do with writing that article but was induced to sign his name to an article which was in fact written by the patent solicitor. This fraud was held to be of such a nature as to void the patent.

This conspiracy practiced by Hall and Scofield is in all ways comparable to the facts before the Supreme Court in *Hazel-Atlas Glass Co. v. Hartford-Empire Co.*, 322 U. S. 238 and *Shawkee v. Hartford-Empire Co.*, 322 U. S. 271.

It is for the reasons set forth by the Supreme Court in the *Precision Instrument Mfg. Co.* case (*supra*), that B & W resorted to every permissible action to place before the Patent Office the entire facts leading up to the grant of the Hall patent 2,671,515, and the perjury and deceit that had been practiced upon the Patent Office by Hall. Had B & W failed so to do, it would have been subject under the Precision Instrument Mfg. Co. doctrine to the charge of "unclean hands." The parties at that time were operating under the cloud of the supposed agreement of September 15, 1944. Thus, as stated by the District Court in its Judgment, B & W took every permissible move before the Patent Office to prevent the grant of this Hall patent on this perjured and fraudulent record.

(c) The Fraudulent Concealment by Hall Inducing the Granting of Patent 2,671,515.

After the application, Serial No. 55,619, Exhibit 69 was made special, responsive to this fraudulent Petition, the Patent Office Examiner finally rejected the application and an appeal was prosecuted to the Board of Appeals of the Patent Office. The claims on appeal were the claims 1, 2 and 3 of the Patent 2,671,515, together with other claims, and the claims 1, 2, 3 of said Hall patent were claims 23, 24 and 31 of the Hall application 55,619. The representations made to the Board of Appeals to cause these claims to be granted by the Board of Appeals was that the Hall scratcher had a new mode of operation, *i.e.*, of reversing upon reciprocation and the representation was made that the B & W scratcher

of Figure 26 of the Jones and Berdine report, Exhibit X, was not rotatable upon the pipe. The representation was further made that not being rotatable on the pipe, that the B & W scratcher could not be reversed. These facts Hall and his attorney knew to be false when the representations were made to the Board of Appeals. This is conclusively shown by John Hall's letter written to Thomas E. Scofield on June 2, 1945 [Exs. 194, 195, 196, set forth in the appendix hereto], and in which it is stated, when a structure of the B & W is used in accordance with B & W's instructions, that it is a reversible scratcher, and has the same mode of operation. This fraudulent misrepresentation or withholding of facts from the Board of Appeals of the U. S. Patent Office resulted in the Board of Appeals decision of January 30, 1950, reversing the Examiner's action as to Claims 23, 24, 31 of the Hall application and allowing those claims to Hall. The Board of Appeals stated that without further evidence they were unable to determine, in view of the representations made to it, that the scratcher of the Figure 26 of the Jones and Berdine report Exhibit X would in fact rotate and was in fact a reversible scratcher. The entire basis of the allowance by the Board of Appeals of said claims is set forth on page 10 of its decision of January 10, 1950, Exhibit 69, page 132, where the Board of Appeals stated:

"Without further evidence, it cannot be held merely from the disclosure of the publication that the scratcher illustrated in Fig. 26 was constructed in accordance with these claims or functioned as disclosed in the application on appeal."

This withholding of the actual knowledge of the operation of B & W scratcher from the Board of Appeals is exactly the practice that was condemned by the Su-

preme Court in the *Precision Instrument Company* case wherein the Supreme Court stated:

“In the instant case Automotive has sought to enforce several patents and related contracts. Clearly these are matters concerning far more than the interests of the adverse parties. The possession and assertion of patent rights are ‘issues of great moment to the public.’ *Hazel-Atlas Glass Co. v. Hartford-Empire Co.*, 322 U. S. 238, 246. See also *Mercoird Corp. v. Mid-Continent Investment Co.*, 320 U. S. 661, 665; *Morton Salt Co. v. G. S. Suppiger Co.* (U. S.), *supra*; *United States v. Masonite Corp.*, 316 U. S. 265, 278. A patent by its very nature is affected with a public interest. As recognized by the Constitution, it is a special privilege designed to serve the public purpose of promoting the ‘Progress of Science and useful Arts.’ At the same time, a patent is an exception to the general rule against monopolies and to the right to access to a free and open market. The far-reaching social and economic consequences of a patent, therefore, give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct and that such monopolies are kept within their legitimate scope. The facts of this case must accordingly be measured by both public and private standards of equity. And when such measurements are made, it becomes clear that the District Court’s action in dismissing the complaints and counterclaims ‘for want of equity’ was more than justified.”

As has been previously pointed out, Hall was fully aware, prior to April, 1941, of the activities of B & W in the development, testing and sale of its scratchers. Hall was present and observed these scratchers under

test by the Union Oil Company. These scratchers clearly constituted a portion of the prior art upon which the District Court relied in holding the Hall patent invalid in view of the prior art. [Finding of Fact XXXII, Vol. 1, p. 382.]

That the prior scratchers of B & W had the same mode of operation and were reversible scratchers is not only attested to by the writings of Hall and Hall's sons at a time and under conditions where there was no controversy, but is established by the great preponderance of evidence included in this record and which was likewise submitted to the Patent Office and which resulted in the Patent Office Finding heretofore quoted in this brief that the B & W scratcher, for example, of Figure 26 of the Jones and Berdine Report, Exhibit X, is,

“so similar to or so nearly the same structurally and functionally, as the one sought to be patented by Hall, that a showing of its public use would bar the grant of a patent to Hall.” [Ex. 216, Vol. VIII, pp. 3562, 3563.]

This decision of the Patent Office was rendered after the above referred to decision of the Board of Appeals allowing the claims of patent 2,671,515.

A duplicate of the Figure 26 scratcher of the Jones and Berdine report, Exhibit X was tested to determine its mode of operation as compared with the mode of operation evidenced by the photograph Figure 27, of the Jones and Berdine report. In Figure 27, the operation of the B & W scratcher used in carrying out the cementing operation, is illustrated by the striations appearing on the exterior of the cement billet. The striations show at their upper and lower points, irregularity of movement

which was effected by the reversal of the wires at the ends of the strokes of movement of the scratcher. A duplicate of the scratcher was run in a test cylinder as shown for example, in Exhibit AAA, a photograph. [Vol. IX, p. 3810.] The surprising similarity between the tracing formed by the ends of the wire on the inside of this cylinder and the tracing of the wires as shown by the striations in the cement in Figure 27 is indeed remarkable. The tracings are substantially identical and illustrate the rotating of the scratcher around the supporting casing so that the ends of the wire on each stroke of the reciprocation found a new point upon the interior of the formation to scratch so that upon repeated reciprocations the scratcher effectively removed all mud from the formation so that the mud would be entirely replaced by the cement as the scratching was continued during cement placement.

The Patent Office reviewed very carefully this evidence and very carefully the evidence of the tests performed and the entire record before the Patent Office was before the District Court. These facts are analyzed by the Patent Office in the Decision. [Ex. 216, Vol. VIII, pp. 3550-3567.] It was there held in that Decision that the tests performed were experimental. But as previously pointed out in this Brief, Hall having been present and having observed the tests, cannot at a later date, *i.e.*, April, 1941, assert that he, Hall, was the inventor of what he saw in the possession of B & W and the Union Oil Company more than a year earlier. The statute requires as a prerequisite to obtaining a patent, that the applicant himself invent the subject matter sought to be patented and not to have derived that invention from another. (35 U. S. C., Sec. 102(f).)

In order to obtain the Hall patent, 2,671,515, it is here shown that Hall fraudulently induced the Patent Office to give special action upon the application, Serial No. 55,619. This special action given by the Patent Office Examiner was to finally reject this application and all of its claims. [Ex. 69.] An appeal was then taken to the Board of Appeals and as previously pointed out, the Board of Appeals was induced to reverse the Examiner of the Patent Office and to allow the three claims of the Hall patent 2,671,515 upon the basis that the Board of Appeals could not determine from the article, which is Exhibit X, and from Figure 26 of that article, whether or not the scratcher shown in that figure was in fact a reversible and rotatable scratcher. In this decision of the Board of Appeals on January 30, 1950, Exhibit 69, pages 123 to 132, it is pointed out that the only possible invention could be in this reversible and rotatable action of the scratcher as differentiated from the prior art reviewed by the Board of Appeals. This being the grounds upon which the patentability was predicated by the Board of Appeals, Hall, on the doctrine of file wrapper estoppel, is estopped from asserting any other novelty for these claims. The fraud which is much more directly related to the grant of this patent than was true in the magazine article in the *Hazel-Atlas Glass* cases, is in the withholding from the Patent Office of the knowledge of Hall and Scofield that the structure of Figure 26 of the Jones and Berdine Report, Exhibit X, was in fact a reversible and rotatable scratcher. John Hall's letter of June 2, 1945, to Thomas E. Scofield, Exhibits 194, 195, 196, printed in the Appendix of this brief, establishes that fact beyond peradventure of doubt. The Supreme Court has said that such practice cannot be condoned and that patents

so fraudulently obtained must not be sustained. The District Court, knowing of these facts, and knowing that the B & W scratchers of Figure 26 of the Jones and Berdine Report were part of the art prior to Hall, correctly held the Hall patent invalid in view of the prior art. [Finding of Fact XXXII, Vol. I, p. 382.]

II.

THE LACK OF ANY PROOF OF INFRINGEMENT OF THE HALL PATENT.

The Hall patent No. 2,671,515, as it differs from the 388,891 application, is predicated upon a mode of operation incident to a precise arrangement of the scratcher wires as that arrangement is described in the Hall patent. [Ex. 286, Vol. VIII, p. 3640.] This precise arrangement is as stated in the Hall application, as filed, such that the wire fingers 14 extended from the collar at a tangent, that is, as heretofore pointed out.

“In a manner simulating substantially the trajectory of objects through from the collar or sleeve were it rotated rapidly on its axis.” [File Wrapper, Ex. 69, p. 4, lines 23-25.]

As stated by Hall in his patent, it is this tangential arrangement which he relied upon to produce a mode of operation which Hall states to be unusual. Thus the Hall application states:

“It is this unusual arrangement of whiskers which produce rotation of the collar and migration of the ends of the wires about the well bore upon reciprocation of the casing.”

There is no other disclosure of the Hall application, Exhibit 69, or of the Hall patent, Exhibit 286, other than

that the wire scratching elements or wire whiskers 14 extend at a tangent from the collar or supporting ring 11.

There is no testimony before this court that such a tangentially arranged structure would even function.

The testimony is to the contrary, and that testimony is of the patentee, Jesse E. Hall, Sr. Hall testified that with a tangential arrangement, the wire whiskers would be too long and would ball up. [Vol. VI, pp. 2542, 2543.]

No B & W scratcher ever employed a tangential arrangement and there is no assertion that any such tangential arrangement was employed. The fallacy of the argument made in the Plaintiff's Opening Brief, pages 72-73, is endeavoring to compare the structure of the Hall patent No. 2,671,515 with the structure of the scratcher manufactured by Hall or his related companies. Hall testified that he never made a tangential scratcher. [Vol. VI, p. 2560.]

There therefore was no evidence that the Nu-Coil scratcher or any B & W scratcher would operate as set forth in the Hall patent or which embodied the tangentially arranged wire scratcher of the Hall patent. There is no testimony offered on behalf of plaintiff or Hall as to the mode of operation of the scratcher made in accordance with the disclosure of the Hall patent. There was no testimony offered on behalf of Hall comparing the operation of such a tangential scratcher with the operation of either the Nu-Coil, Multiflex or Wall Cleaning Devices manufactured and sold by B & W.

There is therefore a total lack of evidence to support any finding of infringement and this is the significant reason that there is no finding of infringement made by the District Court. The Court permitting plaintiff's counsel during argument to make an argument, no matter what that argument is, is not to be taken as an affirmance of anything so stated. (Pltf. Main Br. p. 72.) Certainly the District Court was not in any way impressed by plaintiff's counsel's argument because it made no finding of infringement.

A patent which does not disclose a practical structure, one which is capable of practical operation to perform its intended result, is to be narrowly construed and should be limited to the device as shown therein, be a "tangential" scratcher.

Dillon Co. v. Continental Supply Co. (C. C. A. 10th Cir., 1938), 98 F. 2d 581, 587, 588; *Dernell Potato Products Co. v. Snelling* (C. C. A. 2d Cir., 1930), 38 F. 2d 788; *Modern Products Supply Co. v. Drachenberg* (C. C. A. 6th Cir., 1945), 152 F. 2d 203; see also *Wire Tie Mach. Co. et al. v. Pacific Box Corporation, Limited* (C. C. A. 9th Cir., 1939), 102 F. 2d 543, 556, wherein the Court stated:

“ . . . a ‘paper patent’ and as such is limited to a narrow construction. . . . ”

III.

ASSERTED UNFAIR COMPETITION BY DEFENDANTS.

Hall's Brief is predicated upon a willful misstatement both of the evidence and of the Findings of the District Court. This willful misstatement is repeated many times and is: "Defendants did this well knowing their patents did not cover the accused devices nor the methods with which the devices were employed."

It is asserted that this statement is supported by the Findings of Fact, but a complete review of the Findings [Vol. I. p. 368], show that the Court made no such finding. The statement is not only contrary to the beliefs of the defendants but is contrary to the proofs including the testimony given by Hall, Sr. to-wit:

"The Witness: My opinion was then, and it is now, that the Multiflex and the Nu-Coil installed the teachings of the B & W scratcher patent No. 2,374,317.

The Court: Exhibit 38.

The Witness: Exhibit 38. They would infringe."

It is asserted in the Main Brief of plaintiff that the Nu-Coil is a "replica of Hall's design." (Main Br. p. 13.)

Hall realizes the necessity of some showing of bad faith in the sending of notices of infringement as that element is essential to a cause of action for unfair competition as required by each of the cases relied upon by the plaintiff on pages 14 and 15 of their Main Brief. It will be apparent from the foregoing that no such element of bad faith in sending out notices of the Wright patents can be attributed to Defendants B & W or

Kenneth A. Wright. Defendants have continuously and still believe the Wright patents are valid and infringed and cover the Wright structures and method as well as Hall's structure and method. The Court did not make any finding of bad faith and Hall himself testified that the patents of B & W covered and would be infringed by the Multiflex, Nu-Coil or Hall scratchers. There is and has continuously been a belief in good faith on the part of Defendants of the validity of their patents and their coverage of the methods and apparatus involved in this litigation. There was clearly no unfair competition by these defendants in their dealings with the oil companies or the notices sent out by B & W.

A. The Gulf Companies.

B & W in its Opening Brief showed conclusively that B & W only sought as stated by Hall's witness, Mr. A. M. Houghton, of the Gulf Companies, "a fair share of the business." (B & W's Op. Br. p. 53.)

There is no effort made on behalf of Hall in their Main Brief to overcome this testimony of their own witness or to show, as far as the Gulf Companies are concerned, that B & W took any action whatsoever than was taken in good faith in full belief of B & W's position and in order to obtain from the Gulf Companies a fair share of the business. It certainly is not unfair nor can a person be claimed to have unclean hands, when he holds the patents on a particular tool or process but does not intend to sue a particular user to so advise the user. This is certainly true in its entirety with respect to the Gulf Companies.

B. The Union Producing Company.

The Union Producing Company, referred to in the Main Brief of plaintiff, page 17, is simply a case of where Hall hounded the Union Producing Company to such an extent in making claims against that company, because of their purchase of a fair share of the scratchers from B & W, that the Union Producing Company stopped buying scratchers from everyone and stated their reason for taking this action to be:

“Q. Have you put a stop order on the purchase of all Weatherford tools? A. In the majority of the districts, yes.

Q. In what districts have you put the stop order on Weatherford tools? A. Shreveport, Houston, New Orleans.

Q. Is Corpus Christi included in the Houston district? A. That is the Beeville district.

Q. Did you put a stop order there yet? A. I haven't got to it yet.

Q. You intend to? A. Yes, sir.

Q. So, as a result of having subpoenaed you here you now intend to put a stop order on the purchase of all Weatherford centralizers by the Union Producing Company? A. I wouldn't say it was on account of the subpoena; on account of the trouble we got in fooling with you people.

Q. What is this trouble, Mr. Quigles? A. Getting in litigation we had no business in.

Q. Do you consider you are in this litigation? A. Yes, sir; I certainly do.

Q. The fact that you are here today giving your deposition? A. Yes, sir.” [Vol. II, p. 718.]

Mr. Quigles is a witness called by Hall, and with respect to the acts of B & W testified that no representative of B & W either in conversation, by telephone or by written communication, had ever threatened the Union Producing Company. Mr. Quigles testified:

“Q. Did any representative of B & W ever in any conversation with you or in any telephone conversation with you or in any written communication directed to you that you may have seen ever threatened to sue Union Producing Company for patent infringement? A. No, sir.”

As to the Union Producing Company, it is thus apparent that the stopping of the sale of Weatherford products by the Union Producing Company was not a result of any action of B & W or any of its representatives, but as a direct result of the action of Hall himself.

C. Miscellaneous Companies.

No different situation exists with respect to the other miscellaneous companies referred to in the plaintiff's Main Brief, page 18. The Standard Oil Company of California, the California Company, its subsidiary, were never at any time threatened with suit by B & W or any of its representatives. The same is true with respect to the Amerada Petroleum.

It is significant that no unlawful act or any act of unfair competition is asserted with reference to the Shell Company, Standard Oil Company of California, the Texas Company or the Amerada Petroleum Company, which is in any way different than to merely notify each of these companies that B & W held the patents on its scratchers.

It is shown with respect to the Standard Oil Company of California, and Shell Oil Company, that B & W sought

to license these companies under the Wright Method Patent and to permit them to purchase scratchers wherever they desired. [Ex. 17, Op. Br. p. 17.] The offer of a license is not a threat of suit. (Pltf. Main Br. p. 56.) No other notice of any kind was ever sent either to the Standard or Shell Companies by B & W or Wright. All of these notices were sent prior to the filing of the complaint in this action. No evidence is offered to show that either of these companies modified their purchasing practices in any way and there was no showing of any damage. The same is true with respect to the Amerada Petroleum Company.

As is pointed out previously, this court has held that the mere giving of a notice of infringement is not an unfair trade practice. In order to constitute an unfair trade practice it must be established that the notices were given without any right of action as in this Court's decision in the *Metro-Goldwyn-Mayer v. Fear* case, 104 F. 2d 892 (9 Cir. 1939), or was given in bad faith, that is, with knowledge that the patent was invalid or not infringed.

No findings to bring any of the defendant's acts within any of this Court's decisions were made by the District Court. No finding of bad faith was made by the District Court and certainly, as heretofore pointed out, and as admitted by plaintiff Hall, the Wright patents were infringed by the structure of Hall and covered the structures made and produced by B & W. The only threats made to the Texas Company for infringement of the patents in this action were the threats made by Hall in the letters written to that company by Scofield, Hall's attorney, threatening to sue that company for infringement of the Wright patents if that company would not

cease purchasing from B & W, the Nu-Coil and Multiflex scratchers. [Exs. HHH, Vol. 9, p. 3786; Ex. III, Vol. IX, p. 3787.]

Certainly if there was bad faith exhibited by anyone, that bad faith was of Hall and Scofield in writing the letters [Exs. HHH and III], threatening to sue the Texas Company for infringement of the Wright patent No. 2,374,317, when they at the same time were before the District Court in this case, asserting that that patent was invalid and did not cover the structure of the Nu-Coil and Multiflex scratchers, which were the structures being purchased by the Texas Company. The bad faith was twofold:

One, in pretending before the District Court that they believed that the Wright patent No. 2,374,317 was invalid and void and did not cover the Multiflex and Nu-Coil scratchers, and

Second, in asserting that they would sue the Texas Company on this same patent if they continued to purchase these same structures from B & W.

If there was ever an example of what plaintiff Hall accuses the defendants of, and that is threatening suit upon patents which they knew "did not cover the manufacture, use or sale" of the Multiflex or Nu-Coil scratchers, it was the action of *Hall and his attorney Scofield*, in sending the letters to the Texas Company, which are in evidence. [Exs. HHH and III.]

This court in *Celite Corporation v. Dicalite Co.*, 96 F. 2d 242 (9 Cir. 1938), at 251, set forth the rule:

"It is true that appellant need not sue all alleged infringers at one time. But where, as here, a campaign is conducted which is designed to destroy a

competitor's business and where ample opportunity is presented to litigate the patents involved, which is not availed of, *the inference of bad faith is inescapable.*" (Italics ours.)

In *Metro-Goldwyn-Mayer Corporation v. Fear* (*supra*), this court pointed out that where such threat of suit was without legal foundation, that the making of such threats was unfair practice and actionable. This court there stated:

"The sale or use of the products of the machine (the film) by customers of appellant, would not constitute an infringement of the machine patent."

and further stated:

"This was conceded in the court below. Consequently, appellee had no legal justification for sending such notices or threats to appellant's customers even though it be assumed that he was correct in his contention that appellant was going beyond the scope of this license and infringing the patent by its use of the machines. (*American Ball Co. v. Federal Cartridge Corp.*, (8 Cir.), 70 F. 2d 579.) It is clear, then, that the conduct of appellee was without legal right. It is also clear that there was a reasonable probability that damage would result from such conduct. Under such circumstances, the appellant was entitled to an injunction. . . ."

The statement made in the Main Brief of plaintiff upon page 12 thereof with reference to the activity of B & W is without foundation in the record and can be concluded to be nothing but a willful misrepresentation of facts.

Combing the entire voluminous record of this case before the District Court, one will not find a single

instance where at any time after December 11, 1947, the date of commencement of the present action, B & W or Kenneth A. Wright, either of them notified any customer or prospective customer of plaintiff or plaintiff interveners, that they, B & W would bring suit for infringement of the Wright Method or Apparatus Patents 2,338,372 and 2,374,317. No such notices were sent. Any notices that were sent out after commencement of this action were sent by Hall, such as the letters, Exhibits HHH and III sent to the Texas Oil Company, written July 28, 1950.

D. The Texas Company.

On the other hand, an entirely different situation arises with respect to the Texas Company, where the notices that were sent were sent by Hall threatening the Texas Company with suit under the Wright patents should the Texas Company continue to purchase the Multiflex or Nu-Coil scratchers from B & W. By no stretch of the imagination could Hall have then maintained an action against B & W's customers. No patent had issued to Hall.

The record establishes that there is no act of unfair competition on behalf of defendants and no attempt to monopolize the scratcher business. In all of defendant's dealings with the various concerns referred to in plaintiff's brief there was nothing unusual or illegal in the effort of defendants in the language of plaintiff's own witness to obtain "a fair share of the business." This is merely an example of the ordinary competition fostered by the antitrust laws and not in any sense unfair or illegal.

IV.

THE UNFAIR COMPETITION OF HALL.

Plaintiff in its Main Brief, while professing to direct its case to its charge of unfair competition of defendant and validity and infringement of the Hall Patent No. 2,671,515, has chosen to spend a great portion of its argument upon the question of plaintiff's own unfair competition. The entire subject matter of the portion of the Brief dealing with the California litigation, page 26 through the Chronological Schedule of Facts and Pleadings and its argument with respect to foreign and domestic litigation, as well as its heading,

"B. Plaintiff Hall is Not Guilty of Unclean Hands in Sending the \$2.50 Royalty Letter." (Main Br. p. 56.)

deals with the Findings of Fact by the Court that plaintiff Hall was guilty of unfair trade practices and in resorting to self-help. That plaintiff resorted to this self-help is admitted by plaintiff in its Opening Brief and plaintiff spends a great portion of its Opening Brief in seeking to excuse plaintiff for resorting to self-help upon the thesis that the court refused to act to aid plaintiff by way of preliminary and summary types of proceedings. Plaintiff nowhere directs this court's attention to the fact that the complaint in this action was filed in December, 1947 and that the trial of this action was not completed until in 1954. Plaintiff nowhere seeks to show, nor would it be possible for plaintiff to show that it had urged the District Court to try this case on its merits at an earlier date. In fact it was B & W who brought this case on for trial upon its own insistence. The record of this case shows that rather than bring

this case on for trial before the District Court, that plaintiff and plaintiff interveners endeavored to try this case in the trade and to harass defendants by filing a multiplicity of other actions. In accordance with this calculated oppression and harassment, an action was filed in Houston, Texas against B & W and then stipulated a dismissal of the Houston action and then refiled that action and resisted the attempt of B & W to either transfer that case for trial coincident with the case before the District Court in Los Angeles, or to stay the trial of that action until the entry of a final judgment in the Los Angeles Case. [Ex. CL.]

Plaintiff and plaintiff interveners filed two actions in Canada and are still maintaining two actions in Canada, one based upon the now non-existent Hall-Wright contract, Exhibit 34, and asserting a license under the Wright Canadian patents, because of that agreement Exhibit 34 and one seeking to invalidate the Wright Canadian re-issue patent. These actions were commenced admittedly as a resort to self-help when the District Court refused the plaintiff and plaintiff interveners' Motions for Summary Judgment. (Main Br. of Hall, p. 38.) When the District Court refused to grant plaintiff or plaintiff interveners a preliminary injunction, plaintiff took this as a license to broadcast wholesale its claims with respect to this litigation and to start other actions in the United States, Canada and Venezuela. The sum and substance of the chronological schedule of facts and pleadings set forth on pages 35-40, plaintiff's Main Brief, is an effort to show that the District Court abused its discretion and did not deal fairly with plaintiff or plaintiff interveners to such an extent that plaintiff interveners were at liberty to go out and resort to self-help and to try

the case in the trade in place of in Court. It is submitted that this premise is completely without any legal basis whatsoever. Particularly is this true where there is no showing that plaintiff or plaintiff interveners at any time urged this court to promptly and expeditiously dispose of this action on its merits. Plaintiff and plaintiff interveners did not want this case disposed of expeditiously and promptly, but actually used this action, as the District Court found in its Memorandum of Opinion, as a means of maintaining its position in the trade and as the court stated [Vol. I, p. 340]:

“In brief it appears that suits filed in this and other courts were tried primarily to the trade. (See: *Gerosé v. Apco Mfg. Co.*, 299 Fed. 19, 26 (1st Cir., 1924); *Panay Horizontal Show Jar Co. v. Aridor Co.*, 292 Fed. 858 (7th Cir., 1923); *Luten v. Wilson Reinforced Concrete Co.*, 263 Fed. 983 (8th Cir., 1920).) While pretending to look to this court of equity for justice each side set about through myriad methods of self-help to make their own justice.”

All of the multiplicity of suits referred to by the Court in its Memorandum were filed by Hall, that is, by plaintiff or plaintiff interveners with the sole exception of *Scratchers, Inc.* suits which were filed on behalf of *Scratchers, Inc.*, and which were dismissed without prejudice, without trial, without publicity and have never been refiled. As pointed out in our Opening Brief, the dismissal of these actions by stipulation without prejudice and without trial and where there is no showing that any publicity was at any time given to these suits, leaves those actions as though they were never filed. Certainly this court must assume that these suits were filed in good faith and for good cause, and as the patent therein in-

volved was cited by the Patent Office as the principal reference against all the Wright patents here involved, *i.e.*, the Black and Stroble patent.

If plaintiff or plaintiff interveners thought they were in any way injured by those actions, they were before the District Court, had a right to be heard and not having been heard, are in no position to complain because they did not accept their day in court. As shown by the file of these actions, Exhibits 143, 144, 145, the actions were involved with counterclaims and third party complaints so that it was beyond the ability of Scratchers, Inc., without stipulation to have dismissed the actions.

That plaintiff and plaintiff interveners have resorted to self-help is clearly admitted and stated in plaintiff's Main Brief. Thus it is stated in the Main Brief, page 30:

"In January, 1952, having received no relief from the Court and relying upon rights granted him under the 1944 agreement (Exhibit 34) plaintiff Hall notified B & W customers who were purchasing Multiflex and Nu-Coil scratchers that a royalty of \$2.50 would be due and payable on purchases of these scratchers."

In other words, plaintiff's position is that the Court, having given them no relief, they resorted to self-help. The \$2.50 royalty letter [Vol. I, pp. 210, 211], it will be noted, makes a claim against all purchasers of B & W equipment, *i.e.*, the Nu-Coil and Multiflex scratchers for \$2.50 per scratcher and demands payment of that royalty to Jesse E. Hall, together with a statement of the number of units purchased, the type whether they be Nu-Coil or Multiflex, the size of each unit, the source from whom purchased, the well name and location and where the

scratchers are to be used. The statement made in the letter is:

“Such scratchers are exclusively licensed to my client Jesse E. Hall, of Weatherford, Texas.”

The basis of this claim under the now non-existent agreement 34, is based upon an assertion of right under paragraph 3 of that document. [Vol. VIII, p. 3474.] It was asserted that an exclusive license was granted to Hall under this paragraph and the ambiguity of this paragraph resides in “and which claims are limited to the structure of Hall and are not such as to be applicable to structure of the application and patent of the party Wright.”

It was stipulated that this agreement was void because there was never a meeting of the minds of the parties signatory to the document. There were, at the time the letters were sent, namely, January 12, 1952, no claims issued to Hall in any patent. There was, therefore, no claim granted giving Hall an exclusive right. Hall's position was as untenable in sending this letter as was the position of Metro-Goldwyn-Mayer in the *Metro-Goldwyn-Mayer v. Fear* case, *supra*, in asserting that the film exhibited was within the exclusive license held for a machine for developing film. The sending of this letter was without right in complete bad faith and solely for the purpose of retaliation against the District Court because of its failure to act as stated in the Main Brief above quoted and as stated before the court in purported retaliation for the defendant's making of its invoices with the royalty notice pursuant to the requirements of this court in the *Petrolite* case.

Dehydrators Limited, et al. v. Petrolite Corp. Ltd.,
117 F. 2d 183 (9 Cir. 1941).

There was never a more brazen presentation of total disregard of the rulings of the District Court and a willful resorting to self-help, than is presented by this record and as shown to have been practiced by plaintiff and plaintiff interveners and is, as admitted by plaintiff and plaintiff interveners in their Main Brief.

The District Court in its findings, as they are directed against plaintiff and plaintiff interveners, is therefore shown to have been fully justified in denying any and all relief of any kind to plaintiff and plaintiff interveners within the Findings 18, 19, 20, 21, 22, 23, 24, 25, 26.

The action taken by plaintiff, plaintiff interveners in this case, is in all respects comparable to that before the Supreme Court in the case relied upon by the District Court in its Memorandum [Vol. I, p. 342], *Wheeler v. Sage*, 1 Wall. (68 U. S.) 518 (1863), where the court states:

“A proceeding like this is against good conscience and good morals, and cannot receive the sanction of a court of equity. The principle is too plain to need a citation of authorities to confirm it. It is against the policy of the law to help either party in such controversies. The maxim, ‘*in pari delicto potior est conditio defendentis*,’ must prevail.”

On the other hand, the District Court confuses the action of B & W in stamping its invoices with the \$.60 royalty notice as being a resort to self-help. The testimony before the court showed that this action was taken on advice of counsel for the precise purpose of bringing B & W sales activities into full accord with the decision of this court in the *Dehydrators Limited, et al. v. Petrolite* case, *supra*, so that there would be stated on the face of the

invoices the royalty charge for the use of the method and combination claims of the Wright patents as distinguished from the charge for the scratchers *per se*. This stamping of the invoices B & W was glad to stop because it was causing B & W difficulty. The record shows that the Gulf Company refused to pay the invoices, an order was given by Mr. Houghton to cease the purchase from B & W on such invoices and it was only after counsel for B & W called upon Mr. Houghton in Washington, D. C., and explained to him the reasons for the stamping of the invoices and assured him and gave him a letter to the effect that in so paying the royalties he would not be acknowledging the validity of the patents nor that the scratchers were covered by the patents, that the Gulf consented to pay the invoices so marked. [Ex. 83, Vol. VIII, pp. 3517, 3518.] Here Mr. Houghton states to Gulf Research and Development Company:

“Mr. Wright and Mr. Lewis Lyon, his attorney, were here yesterday and we discussed this matter very thoroughly. In the meantime I had had a little time to look up recent decisions and I have come to the conclusion that it is satisfactory to us to accept this marketing policy of B & W and to pay the invoices.”

Hall's demand for \$2.50 per scratcher royalty, has had its continuing effect and even though an injunction was issued against further circulation of such demands on January 26, 1952 [Vol. I, p. 209], this did not set at rest the fears of the customers of B & W in continuing to purchase the Multiflex and Nu-Coil scratchers. The record shows that several of B & W's larger customers, *i.e.*, Bethlehem Steel Company and Republic Supply Company, continued to refuse to purchase scratchers from

B & W in the face of this demand. [Ex. KKK, Vol. IX, p. 3790.]

The stop orders were also issued by Jones and McLaughlin Supply Company as a result of this \$2.50 royalty letter. [Exs. MMM, NNN, OOO, Vol. IX, pp. 3792, 3795.] Continental Supply Company also issued such a stop order and in fact deducted from the amounts due B & W \$2.50 for each scratcher which it had purchased, as shown by Exhibit QQQ. [Vol. IX, p. 3796.]

The Findings of Fact of the District Court determining that the sending of this \$2.50 royalty letter was unfair competition, a resort to self-help and resulted in damage to B & W is fully supported by the record. There can be no justification for the sending of this letter. There was no right upon which the letter was based. There was no patent issued to Hall. Even under the greatest imagination there was no exclusive license to Hall under the provisions of Paragraph 3 of the agreement. [Ex. 34.] Plaintiff Hall was before the District Court seeking reformation and cancellation of this agreement at the time the letters were written and in fact complained of the action of the District Court in failing to grant the motions of plaintiff and defendants before the District Court for summary judgment to declare the contract void and of no effect, before the sending of this \$2.50 royalty letter. The doctrine of this court in *Celite v. Dicalite, supra*, is clearly applicable.

Hall, in his Main Brief, seeks to support his position both on the unfair competition aspect and patent infringement aspect of this case upon the basis of a letter written by B & W's counsel January 27, 1950. [Ex. 119, Vol. IX, p. 3523.] This letter significantly refers to two Hall

applications 388,891 and 627,013, both of which applications had been abandoned by Hall prior to January 27, 1950. B & W had no knowledge as of January 27, 1950, of the many fraudulent acts and acts of misrepresentation which had been taken by Hall with respect to the filing of the application, Serial No. 55,619. In fact, it is apparent from Exhibit 119, that as late as January 17, 1950, B & W and its counsel had no knowledge of the third Hall application, Serial No. 55,619. B & W had no knowledge of the decision of the Board of Appeals as shown from the file wrapper, Exhibit K, of the 627,013 application.

B & W had no knowledge of the fact that an appeal taken to the Court of Customs and Patent Appeals had been abandoned so that the decision of the Board of the Patent Office, with respect to the application, serial number 627,013 had become final. B & W had no knowledge of the basis upon which claims were being solicited by Hall in the application, Serial No. 55,619, or that both Hall and his attorney Scofield knew before the 627,013 application was filed that the scratchers shown in the Hall applications were substantially a duplicate, both in structure and mode of operation of the Wright scratchers, Exhibit X of the Jones and Berdine Report. The letter, Exhibit 119, being predicated upon a complete lack of information, draws an obviously incorrect conclusion, a conclusion which could not have been reached had B & W or its counsel been in possession of the facts as they were known to Hall at the time the letter, Exhibit 119, was written. Efforts have been heretofore made to sustain a patent upon the ground that the acts of a defendant were such as to make it inequitable for the court to hold the patent invalid. This court correctly

answered such argument in *Heath v. Frankel, et al.*, 153 F. 2d 369, where at p. 371 this court stated:

“The Hazel-Atlas case is authority for denying relief to appellees because they have come into court with unclean hands. On the other hand, its doctrine cannot be extended so far as to hold patents valid, which by evidence other than the fraudulent and fabricated have no patentable novelty. We believe the lower court followed the doctrine correctly in denying appellees relief.”

Conclusion.

It is conclusively established that Hall did not invent the method of well completion of the Wright Patent No. 2,338,372, Exhibit 37, the spring or torque finger scratcher of the Wright patent 2,374,317, Exhibit 38, or the plug method of the Wright Patent 2,392,352, Exhibit 39. The Hall Centralizer Patent No. 2,220,237, Exhibit 151 is not an antecedent for the inventions of any of the Wright patents. This patent does not teach a method of abrading a well formation during the circulation of a fluid to remove the mud from the well bore during the placement of and during the circulation of a second fluid *i. e.*, the cement slurry to prevent redeposition of the mud upon the permeable formation which is the invention of the Wright Method Patent Exhibit 37. It is nowhere suggested by Hall, and he did not conceive the method of well completion, where the second fluid *i. e.*, the cement slurry was pumped into the well to displace the mud laden fluid to prevent redeposition of the rotary mud upon the permeable formation.

The Wright Method Patent Exhibit 37 is clearly valid and teaches and defines a meritorious invention and is

not invalid in view of the state of the art as found by the Trial Court, because as pointed out in our Opening Brief, there is no available prior art, which was admitted by Hall's attorney. The Wright Apparatus Patent 2,374,317 Exhibit 38, for the scratcher having spring urged abrading fingers operating through the principle of torque is clearly valid and infringed. The best art according to Hall's attorney was the same as considered by the Patent Office. With respect to the Plugging Patent Exhibit 39, there is no art, as was admitted by Scofield, Hall's attorney, applicable to this patent. It is clearly valid and involved an entirely new concept in positioning a plug or bridge in a well through the removal of the rotary mud from the permeable formation between two fluids *i. e.*, the mud fluid circulated during scratching and the second fluid *i. e.*, the cement pumped into the well hole to displace the rotary mud and prevent redeposition of the same upon the permeable strata during formation of the plug.

This patent involves the removal of the means used for pumping the cement into the well and the scratchers which are used for exposing the virgin soil.

The Hall Patent, Exhibit 286 is clearly invalid within the provisions of 35 U. S. C., Section 102, paragraphs a, b, f, g. Hall could not be the inventor under this statute, of what he knew was published in the Jones and Berdine report both before his asserted invention and more than a year before his application for Letters Patent and of

what he knew to be in the possession of Wright and B & W before his asserted invention and more than a year before any application for the Hall patent.

Hall is clearly guilty of unfair trade practices and resorting to self-help. There is no issue as to whether Hall resorted to self-help, as that is admitted. Hall clearly resorted to unfair trade practices as is shown throughout this record, in resorting to the filing of multiple suits for the purpose of harassing and oppressing B & W. There is no plausible excuse for Hall's sending the \$2.50 royalty letter, which is clearly shown to have resulted in three of the largest supply companies placing stop orders against the purchase from B & W of scratchers.

It is therefore respectfully submitted that the judgment of the District Court should be:

1. Reversed in its holding that the three Wright patents are invalid in view of the state of the art.
2. Reversed in its holding that B & W and Kenneth A. Wright are guilty of unfair trade practices, as there is no evidence to support this finding.
3. Reversed in its holding that B & W and Kenneth A. Wright resorted to self-help, as such holding is entirely unsupported by any evidence.
4. Directed to enter a holding that the three Wright patents are and have been infringed by plaintiff and plaintiff interveners as admitted by Jesse E. Hall, Sr.

5. Affirmed in its holding that the Hall Patent No. 2,671,515, Exhibit 286 is invalid and void and unenforceable,

a. As the alleged invention was known or used by others in the United States before the alleged invention of Hall.

b. That the alleged invention was known and in public use by others in the United States more than one year prior to the filing of any of Hall's applications for a patent.

c. That the alleged invention was published in a printed publication in this country for the alleged invention thereof by Hall.

d. That the alleged invention was published in a printed publication more than a year prior to the filing of any of Hall's prior applications.

e. That Hall did not invent the subject matter to be patented.

f. That prior to Hall's alleged invention of the subject matter the invention was made by Kenneth A. Wright in this country and Wright has not abandoned, suppressed or concealed the invention.

g. That the application Serial No. 55,619 was not filed within one year prior to the publication of the alleged invention claimed therein.

h. That the patent is invalid as procured by fraud.

i. That the patent is unenforceable because the applicant failed to report to the Patent Office all facts concerning possible fraud or inequitableness underlying the application in issue.

6. Directed to enter a holding that the Hall patent has not been infringed by defendant.

7. Affirmed in the holding of the District Court that the plaintiff and plaintiff interveners are guilty of unfair trade practices, particularly in circulation and dissemination of the \$2.50 royalty letter and in the filing of a multiplicity of suits for the purpose of harassment of defendant B & W, and

8. Affirmed in its holding as admitted by plaintiff and plaintiff interveners, that plaintiff and plaintiff interveners resorted to self-help and therefore are guilty of unclean hands and cannot be given aid by this court.

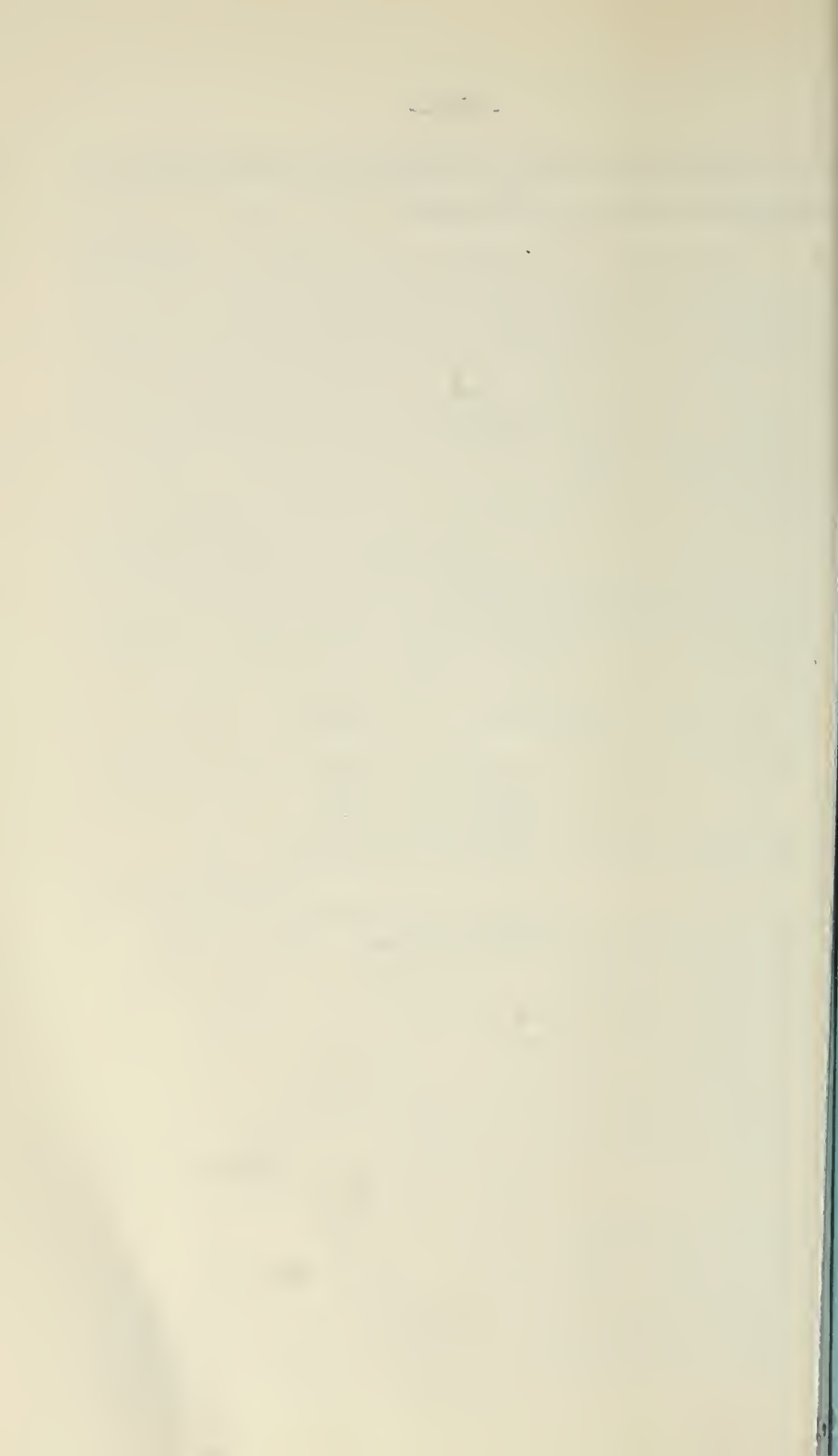
Respectfully submitted,

LYON & LYON,

LEWIS E. LYON,

R. DOUGLAS LYON,

*Attorneys for Kenneth A. Wright and
B & W, Inc.*



APPENDIX.

Plaintiffs' Exhibit No. 194. Received in evidence
November 30, 1953.

WEATHERFORD SPRING COMPANY
Weatherford, Texas, U. S. A.

Scratchers Spiral Casings Guides Cement Baskets
Straight Guides

June 2, 1945

Thomas E. Scofield
2600 Fidelity Building
Kansas City, Mo.

Dear Mr. Scofield:

The Sr. Hall has requested me to make up for you a scratcher demonstrator, consisting of a $4\frac{1}{2}$ " piece of pipe with one $4\frac{1}{2}$ " standard scratcher, on the top and one $4\frac{1}{2}$ " close tolerance scratcher on the bottom of it. This assembly being cramed into a 9" inside diameter cylinder equiped with the appropriate pieces for your feet.

The scratchers are installed on a piece of pipe with the use of set screws, with cross bars welded on them. This will enable you to easily remove the scratchers if you wish to inspect them.

The operation of the scratcher demonstrator is simple; place your feet in the stirrups and work the pipe up and down holding it so that it does not turn. As the scratchers are reversed you will observe that they walk around the pipe. This feature gives two distinct advantages: one, the most important advantage is that it makes the scratcher reversable, the next important advantage is the springs change their position at the bore of the well with each reciprocation so that the entire circumfrence of the

well bore can be cleaned if the scratcher is worked a sufficient number of times.

[Going back to the reversing feature, in order for our scratcher to have the reversing factor it must be installed upon the pipe free. It is restricted in its position on the pipe by the use of stops, which are welded around the casing on each side of the scratcher and far enough apart to give the scratcher freedom of movement. Any scratcher to be practical must be run in the hole larger than the diameter of the well bore so that it will scratch in the larger diameter equally as well as it will scratch in the smaller diameter. For a scratcher to work in that fashion it must be reversible. There is only one practical design with which to get scratching ability in a scratcher. And that is to set all of the springs on the scratcher band at an angle and to point them all in the same direction, to use the coil spring as a pivot, and to install the scratcher on the pipe free on the pipe with suitable stops above and below it.]

The mechanical action which takes place when our scratcher reverses is interesting to observe: As the

Plaintiffs' Exhibit No. 195.

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scratcher is being run in your dummy oil well you will note, one, that the springs are *pointed upward* and two, that they are *pointed all in the same direction*, and then, as the pipe is picked upwardly you will note, one, that the springs against the bore of the well hold their position as they are going over the peak of their arc, which occurs when the spring is in a horizontal position from the scratcher band to the bore of the well. You will note,

two, that the scratcher housing turns around the pipe when this occurs, thus eliminating the dead thrust action that you would get if the springs were sticking straight out from the pipe. If the springs were sticking straight out from the pipe, the pipe would act as a brace when the scratchers would be reversed and, therefore, the springs fingers would have to bend in reversing or the resistance might be great enough to prevent its reversing. And three, as the scratcher completes its reversing and travels upwardly the springs crawl around on the surface of the well bore, thereby preventing the scratchers from tracking up and down in the same place on the well bore. Look at the pattern of the scratcher marks inside your dummy oil well. Considering our scratcher it might be well to bare in mind that the casing does not rotate when it is being set, but that the scratchers propel themselves around it if they are reversed a sufficient number of times.

You will observe that in the bottom section of the dummy oil well I have welded several pieces of steel. These pieces of steel represent jagged and fractured formation. You will also note that our scratcher encounters no difficulty in reversing in this type of formation. You will also note that our scratcher springs, because of the design of our scratcher, always slide over such formations. I suggest that you remove our scratcher from the dummy well and insert the B & W which is the same as any type scratcher that I have seen in all the old patent pictures, in that its springs are sticking straight out. Shove this B & W scratcher from the top on down past the jagged formation and turn the dummy oil well over and try to shove it in the opposit direction past the jagged formation. You may succeed in shoving the B & W springs back against the jagged formation but you will not be

able to shove it past the formation. You can never stand on it and try to shove it down and you will find that it will not go. I have made the dummy oil well approximately 2" larger than the size of the hole that you 5½" B & W scratcher generally works in, so that it will be easy for you to shove the B & W scratcher into it. If I had made the dummy oil well a fraction of an inch smaller than the over all spring spread of the B & W it would have been possible to reverse it. That is the way that the B & W Company recommend them to be run, but it is not the way that the oil operators like to run them. You can picture to yourself the difficulty that would be encountered in reversing that type of

Plaintiffs' Exhibit No. 196.

Page 3.

scratcher if I had made the dummy oil well smaller. I have seen several strings of casing stuck in the hole when the driller tried to reverse their B & W scratcher, inside of the surface pipe. To get this pipe loose he often had to exert a tremendous amount of pull on it. When the scratcher came out of the hole the springs were bent and disfigured. This was caused principally by the scratchers pulling into the couplings of the casing which of course produce the same condition that would be encountered in jagged formation. When this same thing has happened after several thousand feet of casing has been run in the hole with scratchers on the bottom, the casing has often been stuck permanently in the hole because the weight of the pipe added to the amount of pull that it would take to break down the B & W scratchers was too great for the draw works to pull. Therefore you can see the necessity of having a reversible scratcher.

In summarizing my thought I would say that the following mechanical features are necessary to cause a scratcher to be reversible:

1. All of the springs must be set at an angle to the scratcher housing.
2. All the scratcher springs must be pointed in the same direction.
3. A coil spring must be utilized in order to have sufficient resilience.
4. The scratcher must be installed *free* on the casing with stops above and below it to restrict it to a certain point on the casing so that it may be properly positioned at a specified formation down in the hole.

I hope that I have assisted you in better visualizing what happens when our scratcher reverses. If there is any point that you think I might clarify bring it up and I shall elaborate on it as much as possible.

The scratcher demonstrator was shipped to you today.

Hoping to see you again one of these days, I am,

With my best regards,

JOHN A. HALL

John A. Hall

JAH:mm

